

Attachment B

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Attorneys for Plaintiff

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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RACHEL EHRENFELD, :

Plaintiff, :

- against - :

AFFIDAVIT

KHALID SALIM A BIN MAHFOUZ, :

Defendant. :

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STATE OF NEW YORK)

ss:

COUNTY OF NEW YORK)

RACHEL EHRENFELD, being duly sworn, deposes and says:

1. I am the plaintiff in this action and the author of the book Funding Evil, How Terrorism is Financed -- and How to Stop It ("the Book"), which was published in the United States in 2003, and is the subject of this action. I have personal knowledge of the matters set forth in this affidavit, which I make in opposition to the motion by defendant Khalid Salim A Bin Mahfouz ("Mahfouz") to dismiss my complaint.

2. I have a Ph.D. degree in Criminology and have engaged in extensive research and written widely on matters of international terrorism, political corruption, money laundering, drug

trafficking, organized crime, and the links between them. I am currently the director of the New York-based American Center for Democracy and the Center for the Study of Corruption and the Rule of Law and have been a research scholar at New York University School of Law, a visiting scholar at the Columbia University Institute of War and Peace Studies, and a fellow at Johns Hopkins School of Advanced International Studies. I have also served as a government and law enforcement consultant, most recently having consulted for the United States Defense Department's Threat Reduction Agency.

3. In addition to the Book, my writings include articles in the Wall Street Journal, The National Review, the EU Observer, the Jerusalem Post, and the New York Sun, and I am the author of two other books: Narco-Terrorism (Basic Books 1990, 1992) and Evil Money (HarperCollins 1992, SPI 1994). I have also testified as an expert witness in court, before a grand jury, to congressional committees, and the European Parliament, and have appeared as a commentator on television.

Mahfouz's English Action

4. Mahfouz, along with his two sons, commenced a libel action against me and my publisher, Bonus Books, in the High Court of Justice, Queens Bench Division in London, England on or about October 23, 2004. He sued me in England even though: (a) I live and work in New York City; (b) I do not and never have lived in England; (c) the Book was never published in England; and (d) I have never taken any steps to cause the Book to be made available to purchasers in England or to facilitate its availability there through internet sources.

f. On May 2, 2005, a package was delivered to my home in New York by courier from Mahfouz's London attorneys with further documents concerning Mahfouz's alleged damages. A copy of the shipping receipt that accompanied the package is annexed as Ex. G.

g. On May 9, 2005, Antonio Suarez-Martinez of Mahfouz's London attorneys' office sent a further email to my home computer in New York attaching a letter of the same date concerning the "Summary Disposal of the Claimants' Damages Claim held on 3 May 2005," and enclosing an Order of the UK court. Ex. H. On the same day, the same letter was delivered by courier.

15. Mahfouz has also engaged in activity in New York directed at me by means of the internet by posting messages on his website about me. For example, on his website, which can be found at <http://www.binmahfouz.info/news> and which is readily accessible in New York, Mahfouz has posted reports of his repeated "successes" in English libel suits, including the following message about his UK libel case against me, all as part of his campaign to silence criticism of him:

3 May 2005 - Mr Justice Eady in the High Court today awarded Sheikh Khalid bin Mahfouz, Abdulrahman bin Mahfouz and Sultan bin Mahfouz substantial damages in their libel action against Rachel Ehrenfeld and Bonus Books. The Judge also made a declaration that the allegations contained in a book written by Rachel Ehrenfeld and published by Bonus Books were false and highly defamatory of the Claimants. The Judge ordered the Defendants to pay the Claimants' cost of the action and publish a correction and apology. The full Judgment of Mr Justice Eady will be made available shortly.

24. [Mahfouz has attempted to launder his reputation and silence all criticism of him by repeatedly suing authors and publishers in England where the laws impose virtually insurmountable barriers on libel defendants. Writers and journalists who are sued there must shoulder the burden of proving the truth of what they have written upon pain of incurring substantial monetary damages and the plaintiff's attorneys' fees. By threatening or actually commencing libel litigation in England more than 30 times, Mahfouz has been largely successful at silencing his critics. Rather than face the daunting procedural barriers and prospect of near certain money damages in defending an English libel claim, many, among them US citizens and publications, have simply folded and retracted what they have written. The victims of this tactic by Mahfouz are not just the writers or journalists who have been silenced, but the public who is deprived of the truth that only a free flow of ideas and information can ensure.

25. The chilling effect of Mahfouz's actions is neither subjective nor hypothetical; rather its effects are palpable and have already manifested themselves in numerous ways:

a. First, Mahfouz's actions have had a profound and lasting chilling effect on me. It is not merely theoretical. For example, Mahfouz' posting on his website about the judgment in the English action has clearly discouraged some U.S. publishers from publishing my work. I sent a very well researched and referenced article about a Saudi-owned company to two publications that have published everything that I have sent them before. Each has declined to publish the article and been uncharacteristically evasive in giving reasons for their refusal. In addition, although I intend to continue writing about terrorism and other matters of public interest, I find myself increasingly concerned about the need to conform my writing to the standards of English law. I fear that what I write might somehow leak into the UK and make me


30. Funding Evil, which was published in the United States in 2003, is a thoroughly researched and documented book exploring how the rising tide of international terrorism has been financed. Among the sources of funding for terrorism I identified in Funding Evil are financial institutions and organizations owned or controlled, or both, by defendant Mahfouz, and charitable organizations of which Mahfouz is a major benefactor.

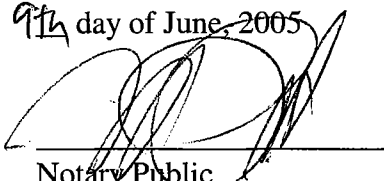
31. I spent years researching the Book, drawing on substantial and credible sources, including information made available from such United States government sources as the CIA, Department of Defense and reports from Congressional hearings as well as investigative reporting in such leading and widely respected publications as the Wall Street Journal, The Washington Post, The London Times, The Financial Times, Newsweek and The Economist, to name a few. I did not rely on anything written by Jack Kelly of USA Today.

32. My research revealed substantial credible evidence of Mahfouz's role as a financial supporter of terrorist organizations, which I reported in the Book.

Conclusion

33. For the reasons given here and in my attorneys' accompanying memorandum of law, the motion to dismiss should be denied.


RACHEL EHRENFELD

Sworn to before me this
9th day of June, 2005

Notary Public
MARK PLATT
Notary Public, State of New York
No. 02PL4787922
Qualified in Westchester County
Commission Expires October 31, 2005